

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>	Printed Name		License Number	

# **MID MICHIGAN WASTE AUTHORITY**

Saginaw County, Michigan

## **FINANCIAL STATEMENTS**

December 31, 2007 and 2006

# **MID MICHIGAN WASTE AUTHORITY**

---

## **TABLE OF CONTENTS**

	PAGE
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	2
Statement of Revenues, Expenses and Changes in Net Assets	3-4
Statement of Cash Flows	5
Notes to Financial Statements	6-10
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Operating Expenses	11

BERTHIAUME  
& COMPANY

Certified Public Accountants



60 Harrow Lane  
Saginaw, Michigan 48638

(989) 791-1555  
Fax (989) 791-1992

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Mid Michigan Waste Authority  
Saginaw, Michigan

We have audited the statement of net assets of the Mid Michigan Waste Authority as of December 31, 2007 and 2006, and the related statements of revenues, expenses and changes in cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid Michigan Waste Authority as of December 31, 2007 and 2006, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mid Michigan Waste Authority's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

*Berthiaume & Co.*

April 8, 2008

# MID MICHIGAN WASTE AUTHORITY

---

## STATEMENT OF NET ASSETS

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 436,107	\$ 316,130
Accounts receivable	5,215	-
Due from other governmental units:		
Billed services to members	1,213,857	1,203,437
New member deposits	<u>-</u>	<u>4,823</u>
Total assets	<u>1,655,179</u>	<u>1,524,390</u>
<b>Liabilities:</b>		
Accounts payable	551,388	496,864
Payroll related liabilities	5,491	3,344
Deferred compensation payable	27,050	-
Member deposits	<u>696,328</u>	<u>696,328</u>
Total liabilities	<u>1,280,257</u>	<u>1,196,536</u>
<b>Net assets:</b>		
Restricted	263,010	258,334
Unrestricted	<u>111,912</u>	<u>69,520</u>
Total assets	<u><u>\$ 374,922</u></u>	<u><u>\$ 327,854</u></u>

*The accompanying notes are an integral part of these financial statements.*

# MID MICHIGAN WASTE AUTHORITY

---

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Operating revenues:</b>		
Albee Township	\$ 73,598	\$ 77,067
Bethany Township	46,579	47,657
Birch Run, Village of	37,721	38,998
Birch Run Township	154,533	157,743
Blumfield Township	70,155	71,336
Brady Township	66,164	67,263
Brant Township	73,483	76,285
Breckenridge, Village of	52,761	52,176
Bridgeport Charter Township	463,764	469,358
Buena Vista Township	367,265	362,831
Carrollton Township	252,646	256,469
Chapin Township	41,039	41,794
Chesaning, Village of	110,793	112,963
Chesaning Township	94,185	92,274
Frankenmuth, City of	156,120	157,393
Frankenmuth Township	78,619	79,286
Fremont Township	75,567	75,253
James Township	87,205	89,276
Jonesfield Township	31,951	33,552
Kochville Township	86,984	86,393
Lakefield Township	39,207	39,429
Maple Grove Township	94,276	95,527
Marion Township	37,853	38,436
Merrill, Village of	26,052	26,884
Richland Township	135,437	136,374
Saginaw, City of	1,849,772	1,845,046
Saginaw Charter Township	1,409,475	1,411,329
St. Charles, Village of	85,927	85,581
St. Charles Township	58,025	59,149
Spaulding Township	100,900	101,289
Swan Creek Township	81,459	81,709
Thomas Township	477,400	466,510
Tittabawassee Township	325,142	317,084
Wheeler Township	51,853	4,142
Zilwaukee, City of	81,675	82,910
Contracted services	316,053	302,750
Other revenue	<u>40,746</u>	<u>14,469</u>
Total operating revenues	7,632,384	7,553,985

*The accompanying notes are an integral part of these financial statements.*

# MID MICHIGAN WASTE AUTHORITY

---

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS, CONTINUED

December 31, 2007 and 2006

<b>Operating expenses</b>	<u>7,628,531</u>	<u>7,473,663</u>
Operating income (loss)	3,853	80,322
<b>Non-operating revenues:</b>		
Interest income	<u>43,215</u>	<u>26,612</u>
Net income	47,068	106,934
Net assets, beginning of year	<u>327,854</u>	<u>220,920</u>
Net assets, end of year	<u>\$ 374,922</u>	<u>\$ 327,854</u>

*The accompanying notes are an integral part of these financial statements.*

# MID MICHIGAN WASTE AUTHORITY

---

## STATEMENT OF CASH FLOWS

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers	\$ 7,269,988	\$ 7,345,172
Other cash receipts	351,584	317,219
Payments to suppliers	(7,391,651)	(7,331,190)
Payments to employees	<u>(153,159)</u>	<u>(139,641)</u>
Net cash provided by operating activities	<u>76,762</u>	<u>191,560</u>
<b>Cash flows from investing activities:</b>		
Interest earned	<u>43,215</u>	<u>26,612</u>
Net cash provided by investing activities	<u>43,215</u>	<u>26,612</u>
Net increase in cash and cash equivalents	119,977	218,172
Cash and cash equivalents, beginning of year	<u>316,130</u>	<u>97,958</u>
Cash and cash equivalents, end of year	<u>\$ 436,107</u>	<u>\$ 316,130</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 3,853	\$ 80,322
(Increase) decrease in assets:		
Accounts receivable	(5,215)	-
Due from other governmental units	(5,597)	103,583
Increase (decrease) in liabilities:		
Accounts payable	54,524	2,588
Member deposits	-	4,823
Payroll related liabilities	2,147	244
Deferred compensation payable	<u>27,050</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 76,762</u>	<u>\$ 191,560</u>

*The accompanying notes are an integral part of these financial statements.*



# MID MICHIGAN WASTE AUTHORITY

---

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

---

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

The Mid Michigan Waste Authority was created by twelve municipal corporations within Saginaw County under Act 233, Public Acts of Michigan, 1955. It was created in 1991 for the purpose of acquiring, owning, improving, enlarging, extending and operating a solid waste management system, excluding incinerators, in accordance with the Enabling Act and to perform any other functions permitted by the Enabling Act. The Authority is made up of 35 members as of December 31, 2007.

The accounting policies of the Mid Michigan Waste Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### **Reporting Entity:**

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Mid Michigan Waste Authority is the primary government which has oversight responsibility and control over all activities. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Authority (the primary government) and do not include any other component units within its financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The financial activities of the Authority are recorded within one fund, categorized and described as follows:

*Proprietary Fund* – Used to account for ongoing organizations and activities that are similar to those found in the private sector.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. In accordance with GASB Statement 20, the Authority has elected not to apply the FASB statements issued after December 1, 1989 to its financial statements.

# MID MICHIGAN WASTE AUTHORITY

---

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

### Assets, Liabilities and Equity

Deposits – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit. For purposes of the statement of cash flows, the above are considered to be cash and cash equivalents.

Due from Other Governmental Units – Recognized for all significant amounts due to the Authority. No allowance for uncollectible accounts has been provided as management does not believe collection to be doubtful.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

---

## NOTE 2: CASH AND CASH EQUIVALENTS

---

*Deposits:* The Authority is authorized by the State of Michigan Public Act 217 of 1982 to deposit its funds in banks, savings and loan associations, or credit unions having their main offices in the State of Michigan.

*Custodial Credit Risk—Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2007, \$1,474,382 of the Authority's bank balance of \$1,574,382 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,474,382
--------------------------------	--------------

---

## NOTE 3: RISK MANAGEMENT

---

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for all its insurance needs. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in the past three fiscal years.

---

## NOTE 4: RESTRICTED NET ASSETS

---

The Mid Michigan Waste Authority has received funding on various grant agreements with Saginaw County in connection with the County's Solid Waste Management Plan.

These grant funds are restricted for the purpose of providing various educational, informational and technical programs which are directed at the Solid Waste Management System which has been implemented in Saginaw County.

Grant funds received from the County but unspent are recognized as restricted net asset as of December 31, 2007 in the amount of \$263,010 and \$258,334 as of December 31, 2006.

# MID MICHIGAN WASTE AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

### NOTE 5: DUE FROM OTHER GOVERNMENTAL UNITS

The balance due from other governmental units at December 31, 2007 and 2006 consisted of:

	<i>December 31, 2007</i>			<i>Net Due</i>
	<i>Billed Services</i>	<i>Member Deposit</i>	<i>Net Due 2007</i>	<i>2006</i>
Albee Township	\$ 12,440	\$ -	\$ 12,440	\$ 18,656
Bethany Township	7,622	-	7,622	7,845
Birch Run, Village of	6,475	-	6,475	2,964
Birch Run Township	26,232	-	26,232	26,150
Blumfield Township	11,802	-	11,802	11,995
Brady Township	11,068	-	11,068	11,420
Brant Township	12,031	-	12,031	11,978
Breckenridge, Village of	8,724	-	8,724	8,542
Bridgeport Charter Township	77,315	-	77,315	76,029
Buena Vista Township	60,549	-	60,549	90,915
Carrollton Township	42,749	-	42,749	41,620
Chapin Township	6,617	-	6,617	6,628
Chesaning, Village of	19,104	-	19,104	18,555
Chesaning Township	15,849	-	15,849	15,505
Frankenmuth, City of	25,393	-	25,393	25,768
Frankenmuth Township	12,442	-	12,442	13,110
Fremont Township	12,121	-	12,121	12,016
James Township	14,707	-	14,707	14,267
Jonesfield Township	5,211	-	5,211	5,338
Kochville Township	14,570	-	14,570	13,795
Lakefield Township	6,364	-	6,364	6,366
Maple Grove Township	15,723	-	15,723	15,812
Marion Township	6,220	-	6,220	6,214
Merrill, Village of	4,188	-	4,188	4,331
Richland Township	22,262	-	22,262	22,971
Saginaw, City of	308,797	-	308,797	290,107
Saginaw Charter Township	238,137	-	238,137	226,109
St. Charles, Village of	14,657	-	14,657	13,785
St. Charles Township	9,500	-	9,500	9,765
Spaulding Township	17,045	-	17,045	16,216
Swan Creek Township	13,101	-	13,101	13,392
Thomas Township	79,581	-	79,581	75,923
Tittabawassee Township	53,487	-	53,487	51,617
Wheeler Township	8,388	-	8,388	8,965
Zilwaukee, City of	13,386	-	13,386	13,591
	<u>\$ 1,213,857</u>	<u>\$ -</u>	<u>\$ 1,213,857</u>	<u>\$ 1,208,260</u>

# MID MICHIGAN WASTE AUTHORITY

---

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

---

### NOTE 6: MEMBER DEPOSITS

---

The balance of member deposits at December 31, 2007 and 2006 consisted of the following:

	<u>2007</u>	<u>2006</u>
Albee Township	\$ 6,427	\$ 6,427
Bethany Township	4,447	4,447
Birch Run, Village of	3,362	3,362
Birch Run Township	13,383	13,383
Blumfield Township	6,222	6,222
Brady Township	5,488	5,488
Brant Township	6,784	6,784
Breckenridge, Village of	4,455	4,455
Bridgeport Charter Township	45,895	45,895
Buena Vista Township	34,523	34,523
Carrollton Township	27,045	27,045
Chapin Township	3,658	3,658
Chesaning, Village of	10,225	10,225
Chesaning Township	10,601	10,601
Frankenmuth, City of	15,100	15,100
Frankenmuth Township	6,346	6,346
Fremont Township	6,104	6,104
James Township	8,944	8,944
Jonesfield Township	3,549	3,549
Kochville Township	8,061	8,061
Lakefield Township	3,033	3,033
Maple Grove Township	8,477	8,477
Marion Township	2,891	2,891
Merrill, Village of	2,411	2,411
Richland Township	11,624	11,624
Saginaw, City of	174,865	174,865
Saginaw Charter Township	144,100	144,100
St. Charles, Village of	8,769	8,769
St. Charles Township	5,133	5,133
Spaulding Township	8,845	8,845
Swan Creek Township	7,660	7,660
Thomas Township	43,350	43,350
Tittabawassee Township	29,174	29,174
Wheeler Township	4,823	4,823
Zilwaukee, City of	10,554	10,554
	<u>\$ 696,328</u>	<u>\$ 696,328</u>

# MID MICHIGAN WASTE AUTHORITY

---

## SCHEDULE OF OPERATING EXPENSES

Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Operating expenses:</b>		
Accounting and auditing	\$ 9,850	\$ 9,770
Collections	5,458,507	5,336,345
Composting	181,132	168,282
Disposal	1,431,171	1,471,445
Office support services	68,273	60,500
Payroll taxes	13,768	11,285
Legal	88	950
Programming	275,696	226,793
Recycling	9,837	48,652
Retirement	27,050	-
Salaries	<u>153,159</u>	<u>139,641</u>
Total operating expenses	<u>\$ 7,628,531</u>	<u>\$ 7,473,663</u>



## **INTERNAL CONTROL COMMUNICATIONS**

To The Board  
Mid Michigan Waste Authority

In planning and performing our audit of the financial statements of the Mid Michigan Waste Authority as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Mid Michigan Waste Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined above. We found no deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Board, and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Berthiaume & Co.*

Berthiaume & Company  
Certified Public Accountants

April 8, 2008